

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP  
JULY 6, 2011**

**DIRECTORS PRESENT**

Jim Haselton, Committee Chair  
Mike Safranski, Committee Member

**STAFF PRESENT**

Don Chadd, General Manager  
Hector Ruiz, District Engineer  
Teresa Teichman, District Secretary  
Karen Warner, Accounting Technician

**PUBLIC PRESENT**

No members of the public were present.

**CALL MEETING TO ORDER**

Committee Chair Haselton called the July 6, 2011 Finance/Audit Committee Meeting to order at 7:03a.m.

**VISITOR PARTICIPATION**

Public comments were announced. No comments were received.

**ORAL COMMUNICATION**

Oral communication was announced. No comments were received.

**COMMITTEE MEMBER COMMENTS**

There were no committee member comments.

**REPORT FROM THE GENERAL MANAGER**

There was no report from the General Manager

**FINANCE/AUDIT COMMITTEE MEETING RECAP  
JULY 6, 2011  
PAGE 2**

**FINANCIAL MATTERS**

**ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP**

The June 1, 2011 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made.

**Recommendation:** *The Committee recommended that the June 1, 2011 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar).*

**ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES  
AND FUTURE MEETINGS**

The Committee reviewed this matter. No changes were made.

Discussion occurred relating to director attendance at other agency's meetings.

Mr. Chadd advised staff and management has begun review of TCWD's Rules and Regulations as it relates to any necessary updates required.

Discussion occurred related to transparency issues and information posted on public websites

**Recommendation:** *The Committee recommended that the Directors' expenses for May/June 2011 and fees for May/June 2011 be forwarded to the Board for ratification. (Action Calendar)*

**ITEM NO. 3) STATUS UPDATE RELATING TO STORM DAMAGE**

Mr. Hector Ruiz, District Engineer, advised TCWD has received additional payments from Cal-FEMA since the time of the last Finance Committee meeting.

Mr. Ruiz advised he is working with URS relating to the Rose Creek Crossing pipeline repairs required by FEMA. Mr. Ruiz advised this project will require permits and once the permits are obtained the actual project timeline is anticipated to last four to six weeks.

Mr. Ruiz advised he is finalizing an appeal letter to FEMA as it relates to the Serrano Creek project.

**Recommendation:** *The Committee received and filed the status update. No action necessary.*

**FINANCE/AUDIT COMMITTEE MEETING RECAP**  
**JULY 6, 2011**  
**PAGE 3**

**ITEM NO. 4)            STATUS UPDATE AND POSSIBLE ACTION RELATING TO  
CONTRACT ACCOUNTING FIRM**

Mr. Don Chadd, General Manager, advised TCWD has entered into a Professional Service Agreement with Platinum Consulting Group for oversight of TCWD Finance Department. Mr. Chadd advised notice has been sent to TCWD's current accountancy agency terminating their services.

Discussion occurred related to changes in the format and presentation of monthly financial reports to better delineate cost centers.

**ITEM NO. 5)            OTHER MATTERS**

Mr. Ruiz advised the City of Rancho Santa Margarita (RSM) has not paid TCWD's invoice for the reclaim water conversion project performed in April, 2011 on Plano Trabuco Road. Mr. Ruiz advised the City of RSM is questioning TCWD's administrative and legal costs.

Discussion occurred relating to the City of RSM requests of TCWD and the status of the unpaid balance due.

**ITEM NO. 6A)        PRESENTATION OF MAY 2011 UNAUDITED FINANCIAL  
STATEMENT**

Mr. Chadd reviewed the May 31, 2011 preliminary unaudited financial statement with the committee. Mr. Chadd discussed water operating revenue and expenses. Mr. Chadd also discussed the General Fund and Reserve balances. Also discussed were the Community Facility District (CFD) residual account with Bank of New York and options for use of those funds. Mr. Chadd recommended conducting a special board meeting in September or October 2011 to review the information.

**Recommendation:**    *The Committee recommended that the Board receive and file the May 31, 2011 preliminary unaudited financial statement, as presented. (Consent Calendar).*

**FINANCE/AUDIT COMMITTEE MEETING RECAP**  
**JULY 6 2011**  
**PAGE 4**

**ITEM NO. 6B)      BILLS FOR CONSIDERATION**

The bills for consideration were presented.

**Recommendation:**    *The Committee recommended that the Board ratify payment of June 21, 2011 bills for consideration in the amount of \$284,954.35, the June 30, 2011 bills for consideration in the amount o \$109,272.11, and the July 6, 2011 bills for consideration in the amount of \$46,510.67 and the June 2011 payroll in the amount of \$160,203.24, as presented. (Consent Calendar).*

**ADJOURNMENT**

Committee Chair Haselton adjourned the July 6, 2011 Finance/Audit Committee Meeting at 7:37 a.m.